

National School Lunch Program

School Breakfast Program

After School Snack Program

Special Milk Program

ADMINISTRATIVE HANDBOOK



November 2005
School Food Services Section

Missouri Department of Elementary and Secondary Education

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INTRODUCTION

School food service has become a major business, and you, as a member of the management team, are an important figure in assuring an efficient operation. This guide is intended to assist local education agencies (LEAs) participating in the Child Nutrition Programs with the program management and accountability responsibilities connected with the day-to-day operations of the school food service activities. Emphasis has been placed on accountability, not only in school food services, but in the total educational program. Government and the public want assurance that tax dollars are used effectively and responsibly. We must be able to demonstrate that available resources are used effectively.

This guide focuses on effective administrative procedures that are applicable throughout the state. Attention is directed to the areas of cooperative agreements between the Missouri Department of Elementary and Secondary Education (DESE) and LEAs in operating the school food service programs to meet all state and federal requirements.

A primary objective of program management is to provide consistent accounting and reporting standards for accountability. A sound accounting system, therefore, is fundamental to effective management.

School personnel are encouraged to use this handbook as a guide in an effort to make the program an integral part of the child's educational program with the ultimate goal of improving the health and well-being of Missouri school children.

It is suggested that this handbook be placed in a loose-leaf ring binder so that new and revised pages can be inserted easily in the future.

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PROGRAM BACKGROUND

The Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) administers the Child Nutrition Programs in cooperation with State agencies and LEAs. Together they work to achieve the goal of safeguarding the health and well-being of the nation's children.

All children of high school grade and under in public and nonprofit private schools are eligible to participate. To administer the programs, FNS works directly with State Departments of Education and they enter into agreements with LEAs.

To participate in the Child Nutrition Programs, LEAs must agree to:

- Operate the food service for all children without regard to race, color, national origin, age, sex, or disability.
- Provide free or reduced price meals to children unable to pay the full price as determined by local authorities following USDA guidelines. Such children must not be identified, nor discriminated against in any way.
- Serve meals that meet the nutritional standards established by the Secretary of Agriculture.
- Comply with all federal and state regulations regarding administration of the respective Child Nutrition Programs.

National School Lunch Program

Since 1946, the National School Lunch Program (NSLP) has made it possible for schools throughout the Nation to serve wholesome, low-cost lunches to children. Lunches provided through this program make an important contribution to the good nutrition so vital to children's mental and physical development.

The program offers financial assistance for each lunch served to children, and additional financial assistance for each lunch served free or at reduced price to eligible needy children. The maximum amount reduced price students may be charged is 40 cents. To receive federal assistance, LEAs must serve nutritious lunches that comply with the Dietary Guidelines for Americans.

To ensure that meals served fully comply with the dietary guidelines, the following compliance measures have been set:

1. Lunches must provide one-third of the Recommended Dietary Allowances (RDA) of protein, calcium, iron, vitamin A, and vitamin C, by specific age/grade groups; with breakfast providing one-fourth of the RDA for the same by specific age/grade groups.

2. Meals will provide specific mealtime energy allowances/ calories for children based upon certain age/grade groups.
3. A limit on the percent of calories from total fat to 30 percent based upon the actual number of calories offered.
4. A limit on the percent of calories from saturated fat to less than 10 percent based on the actual number of calories offered.
5. A reduction in the levels of sodium and cholesterol.
6. An increase in the level of dietary fiber.

Meals will be measured for compliance over a school week. A school week is considered a normal school week of five consecutive days; however, to accommodate shortened weeks and other scheduling needs, the period can be a minimum of three consecutive days and a maximum of seven consecutive days. Schools may use any method available to ensure school lunches meet the compliance measures under the dietary guidelines.

The regulations provide four alternative menu planning methods for LEAs to use to meet requirements and the appropriate nutrient and calorie levels. The four planning alternatives are

1. Nutrient Standard Menu Planning (NSMP).
2. Assisted Nutrient Standard Menu Planning (ANSMP).
3. Enhanced Food Based Menu Planning (EFBMP).
4. Traditional Food Based Menu Planning (TFBMP).

LEAs not using one of the four methods provided must demonstrate to the State agency how they will meet the compliance measure under the dietary guidelines.

Nutrient Standard Menu Planning (NSMP)

Nutrient Standard Menu Planning (NSMP) is a method to develop menus based upon an analysis for nutrients in the menu items and food items offered over a school week to determine if specific levels for a set of key nutrients and calories were met. LEAs choosing NSMP must conduct nutrient analysis on all menu items or foods offered as part of the reimbursable meal.

Assisted Nutrient Standard Menu Planning (ANSMP)

LEAs without the capability to conduct NSMP may choose an alternate planning method which uses menu cycles developed by other sources. This alternate planning method is called Assisted Nutrient Standard Menu Planning (ANSMP). Under ANSMP, LEAs may utilize menu cycles that have been especially developed to meet NSMP standards. Other sources may include other LEAs, consultants, etc. In addition, recipes, food product specifications, and preparation techniques must also be developed to ensure that the menu items and foods offered conform to the nutrient analysis determinations of the menu cycle.

Enhanced or Traditional Food Based Menu Planning

LEAs without the capability to conduct NSMP and who do not use the ANSMP method may choose to plan menus based on either Enhanced or Traditional Food Based Menu Planning. Under the Food Based Menu Planning methods LEAs must offer a certain number of food components in specified quantities.

Refer to Nutrient Standard Menu Planning, Assisted Nutrient Standard Menu Planning, Enhanced Food Based Menu Planning, or Traditional Food Based Menu Planning for the minimum requirements for nutrient and calorie levels for school lunch. In reviewing the charts, please note that the same calorie and nutrient levels are required under the food based methods that are required under the NSMP and ANSMP methods.

Please note the NSLP requires that schools operating the program offer students a variety of types of fluid milk consistent with the preferences demonstrated by students in the previous year. In addition, in the event that a particular type of milk represents less than one percent of the total amount of milk consumed in the previous year, schools may elect not to make this type of milk available.

In recognition of the importance of good nutrition, Congress passed Public Law 95-166 which required USDA to restrict the sale of non-nutritious foods in participating schools. The federal regulation implementing this provision of Public Law 95-166 restricts the sale of categories of foods of minimal nutritional value (soda water, water ices, chewing gum, and certain candies such as hard candies, jellies and gums, marshmallow candies, fondants, licorice, spun candies, and candy coated popcorn) in the food service areas during meal service periods.

After School Snack Program

The After School Snack Program is part of the Child Nutrition Reauthorization Act of 1998. The legislation provision to provide After School Snacks became effective October 1, 1998. The intent of the provision is to assist schools to operate organized programs of care which include education or enrichment activities known to help reduce or prevent children's involvement in juvenile crime or other high risk behavior. This authority may be exercised by schools through the NSLP.

Under the NSLP, a LEA will sponsor or operate After School Care programs which provide children with regularly scheduled activities in an organized, structured, and supervised environment; and includes educational or enrichment activities.

Sites that are area eligible must be located in areas served by a school in which at least 50% of the enrolled children are eligible for free or

reduced price meals. Reimbursement for After School Snacks in area eligible schools will be received at the free rate, regardless of each individual child's eligibility for free or reduced price meals.

Sites that are non-area eligible must count snacks and claim reimbursement by type (free, reduced price, and full price.) Charges for reduced price snacks may not exceed 15 cents. Under no circumstances may a school charge children for snacks claimed at the free reimbursement rate.

Public school eligibility will be determined from the number of free and reduced price eligibles reported as of the last Wednesday of January as submitted to the School Core Data Section, DESE. Private schools eligibility will be determined from the number of free and reduced price eligibles reported on the January claim as submitted to the School Food Services Section, DESE.

All snacks served must meet the meal pattern for snacks. Production records must be kept to document compliance with meal pattern requirements. See the After School Snack Production Record.

School Breakfast Program (SBP)

Children who come to school hungry may find it difficult to stay alert and learn. The breakfast program can help close the nutrition gap by providing children with nutritious breakfasts in school. The program is especially important in improving the nutrition and dietary habits of needy children, who may receive breakfast free or at a reduced price. The maximum amount reduced price students may be charged is 30 cents. All public and nonprofit private schools of high school grade or under may participate.

The program offers financial assistance for each breakfast served children and guidance to establish and operate a program. To participate in the breakfast program, schools must also ensure breakfasts served comply with the Dietary Guidelines for Americans. The same menu planning methods utilized to plan lunches are available to plan breakfasts. Refer to Nutrient Standard Menu Planning, Assisted Nutrient Standard Menu Planning, Enhanced Food Based Menu Planning, or Traditional Food Based Menu Planning for minimum requirements for nutrient and calorie levels for school breakfast.

Senate Bill 449, The Hunger Relief Act

Senate Bill 449, The Hunger Relief Act, requires that by July 1, 1993, and in succeeding years, school districts establish the School Breakfast Program in all schools in which 35 percent or more of the students enrolled were eligible for free or reduced price lunches on October 1 of the preceding school year; or adopt a waiver from the requirement.

In order to determine which schools may fall under the requirement, after October 1 of each year, all districts which have schools that do not participate in the School Breakfast Program, and that do not have an

approved waiver in effect, will be sent a worksheet to determine the percentage of needy students in all non-participating schools. This worksheet is to be completed and returned to School Food Services, DESE by January 15.

After review of the worksheets, districts determined not to have schools in which 35 percent of the students enrolled were eligible for free or reduced price lunches as of October 1 will be informed that they do not fall under the requirement. No further action will be necessary. Districts determined to have schools in which 35 percent of the students enrolled were eligible for free or reduced price lunches as of October 1 will be informed that they fall under the School Breakfast Program participation requirement. Districts not wishing to initiate the School Breakfast Program may request a waiver from the requirement. A form upon which to request a waiver will be sent along with the letter notifying them that they have schools determined to fall under the requirement. Waivers should be sent to School Food Services, DESE, no later than July 1. Waivers are valid for a period of three years. Instruction for completion of both the worksheet and the waiver are on the respective forms.

Refer to the Senate Bill 449 Worksheet-Instructions and the Senate Bill 449 Waiver-Instructions.

Special Milk Program

Only schools not participating in the school lunch or breakfast programs, split-session prekindergarten, and split-session kindergarten classes that do not have access to school meals are eligible to participate in the Special Milk Program. Milk may be served any time during the regular school day.

Federal reimbursement is available on each one-half pint of milk served to children. The charge to children per one-half pint should be set at a level so that the charge to the child plus the reimbursement does not exceed the dairy cost by more than 9 cents.

If schools elect to serve milk free to eligible needy children at times that milk is made available to paying children, such milk is reimbursed at the actual dairy cost. Schools are not required to serve milk free to needy children.

Food Distribution Program

Through the donated Food Distribution Program, the USDA provides a wide variety of commodities to schools for use in the school lunch and breakfast programs to help meet the nutritional needs of students and

keep the price of meals within the reach of the maximum number of students.

The Food Distribution Program is not discussed at length in this handbook, but is covered in detail in a separate administrative

handbook, USDA Donated Food Distribution Program for Schools.

Child Nutrition (CN) Labeling

Schools using either the EFBMP or TFBMP must be in a position to know what part of the lunch/breakfast meal pattern requirements are met by a menu portion in order to assure compliance with minimum program regulations and not jeopardize reimbursement. Because it is very difficult at best to determine the contribution a commercially prepared combination item such as a burrito makes toward the meal pattern requirements from the ingredient listing, USDA initiated the CN labeling program. For minimal cost, processors can obtain USDA approval for a CN label that details the product's contribution toward the meat/meat alternate, bread/bread alternate, or fruit/vegetable requirements. Additional detailed information regarding CN labeling is provided in The USDA Child Nutrition Labeling Program.

Schools are advised to be very cautious about purchasing commercially prepared combination menu items that do not have a CN label. You must know what contribution an item makes to the meal pattern requirements, and a CN label will state the contribution it makes.

If commercially prepared products are used which do not have a CN label, you must obtain, and retain on file, a product analysis statement from the manufacturer that has been signed by an officer of the company. An acceptable product analysis form is Product Analysis For Food Based Menu Planning Method.

Menu planners that use either EFBMP or TFBMP must also have on file, in addition to CN labels and/or product analysis statements, nutrient analysis data. See the Nutrient Analysis Data Form.

PARTICIPATION CLAIM DATA

This section contains detailed instructions for counting and reporting meals served under the NSLP and SBP and milk served under the Special Milk Program. It is required that participating LEAs file a monthly claim for reimbursement with School Food Services, DESE, by the 10th of the month following the month being reported. Claims for reimbursement will be calculated and payments made monthly to LEAs on the basis of the current rate structure. All LEAs will be provided a printout of the claim form reflecting the data reported and the extensions and calculations made by the School Food Services Section.

The participation data provided on the monthly claims submitted by the LEAs to the School Food Services Section, DESE, are the basis for statewide reports to be submitted to the USDA.

Counting of meals by category at the point of service and reporting procedures are based on federal standards and regulations for operating

the federally funded programs. All data included on the monthly claims for reimbursement must be supported by daily records in order to provide a basis for subsequent audits.

Internal Records

Records must be maintained at the local level on a daily basis and be retained to substantiate the reports and for audit purposes. A suggested form is the Daily Participation Record - Instructions. It is designed for an orderly means of collecting the data needed for completing the monthly claim form.

It is also necessary for LEAs participating in the lunch and breakfast programs to maintain daily menu and production records. Suggested forms are the Nutrient Standard Breakfast-Menu Production Record and the Nutrient Standard Lunch - Menu Production Record. Suggested School Breakfast/ Lunch Menu and Production Records for Food Based Menu Planning is the Food Based – Menu Production Record. The lunch and breakfast menu and production records will provide valuable data for checking to see if minimum meal requirements are met, costing menus, planning future menus, etc. All program records must be retained for three years after the year to which they pertain. All LEAs must use standardized recipes. Prototype forms for standardized recipes are Standardized Recipe and Standardized Recipe – Commercially Prepared Products.

School Lunch Program (Part 02)

Monthly claims for reimbursement are to be submitted to the School Food Services Section, DESE, by the 10th of the month following the month being reported. The information provided in this section supplements the instructions printed on the back of the claim form. See Claim Forms for a copy of the Lunch, Milk, and Breakfast Claim for Reimbursement.

The school lunch program items in Part 02 that are not shaded should be completed in accordance with the instructions printed on the back of the claim form. Several items in Part 02 are completed by DESE and indicated on the printout sent to the LEA for each claim payment. The printout will reflect the current rates of reimbursement for the respective categories of lunches reported. LEAs that served 60 percent or more of their lunches free or at reduced price during the second prior year will receive an additional two cents per lunch. The number of lunches reported served in Column 1 will then be multiplied by the respective rates of reimbursement reflected in Column 2 and entered in Column 3 as reimbursement earned. Item 4, Column 3, will reflect the total lunch reimbursement being paid. The School Food Services Section, DESE, will calculate and complete Items 9, 10, and 11 of Part 02 in accordance with the instructions on the back of the claim form.

The system of counting lunches served must protect the anonymity of free and reduced price lunch recipients, and must yield accurate counts at the point of service. Point of service meal counts means that point in

the food service serving line where a determination can accurately be made that a reimbursable full price, reduced price, or free lunch has been served to an eligible child. All monthly claim figures must be supported by daily records.

Special Milk Program (Part 03)

Monthly claims for reimbursement are to be submitted to the School Food Services Section, DESE, by the 10th of the month following the month being reported. The information provided in this section supplements the instructions printed on the back of the claim form. See Claim Forms for a copy of the Lunch, Milk, and Breakfast Claim for Reimbursement.

The Special Milk Program items in Part 03 that are not shaded should be completed in accordance with the instructions printed on the back of the claim form. Several items in Part 03 are completed by DESE and indicated on the printout that is sent to the LEA with each claim payment.

The School Food Services, DESE, printout will reflect the current rate of reimbursement for milk served to paying students in Column 2. The number of one-half pints reported served in Column 1 will then be multiplied by the respective rates of reimbursement reflected in Column 2 and entered in Column 3 as reimbursement earned. Item 6, Column 3, will reflect the total milk reimbursement being paid.

If the LEA has elected to serve free milk to eligible needy students, the system of extending free milk must protect the anonymity of free milk recipients. The system for counting the one-half pints of free milk and sold milk served must yield accurate counts. All monthly claim figures must be supported by daily records.

School Breakfast Program (Part 04)

Monthly claims for reimbursement are to be submitted the School Food Services Section, DESE, by the 10th of the monthly following the month being reported. The information provided in this section supplements the instructions printed on the back of the claim form. See Claim Forms for a copy of the Lunch, Milk and Breakfast Claim for Reimbursement.

The School Breakfast Program items in Part 04 that are not shaded should be completed in accordance with the instructions printed on the back of the claim form. Several items in Part 04 are completed by DESE and indicated on the printout that is sent to the LEA with each claim payment.

Under the breakfast program, schools that during their second prior year served 40 percent or more of their lunches free or at reduced price to eligible needy students may request severe need status if they can demonstrate that the basic reimbursement is insufficient to cover the per breakfast cost. Schools approved for severe need status will be

eligible to receive reimbursement in addition to the basic rates for free and reduced price breakfasts served to eligible needy students if their per breakfast cost justifies the higher rates. See the Severe Need Status Request Form.

The School Food Services Section, DESE, printout will reflect the current rates of reimbursement for the respective categories of breakfasts reported served. The number of breakfasts reported served in Column 1 will then be multiplied by the respective rates of reimbursement reflected in Column 2 and entered in Column 3 as reimbursement earned. Item 4, Column 3, will reflect the total breakfast reimbursement being paid. The School Food Services Section, DESE, will calculate and complete Items 7, 8, and 9 of Part 04 in accordance with the instructions on the back of the claim form.

The system of counting breakfasts served must protect the anonymity of free and reduced price breakfast recipients, and must yield accurate counts at the point of service. Point of service meal counts means that point in the food service serving line where a determination can accurately be made that a reimbursable full price, reduced price, or free breakfast has been served to an eligible child. All monthly claim figures must be supported by daily records.

After School Snack Program (Part 07)

Monthly claims for reimbursement are to be submitted the School Food Services Section, DESE, by the 10th of the month following the month being reported. The information provided in this section supplements the instructions printed on the back of the claim form. See Claim Forms for a copy of the After School Snack Claim for Reimbursement.

The After School Snack Program items in Part 07 that are not shaded should be completed in accordance with the instructions printed on the back of the claim form. Several items in Part 07 are completed by DESE and indicated on the printout that is sent to the LEA with each claim payment.

Under the After School Snack Program an area eligible school is a school(s) in which the after school care program is conducted that has at least 50 percent of its enrolled children eligible for free or reduced price meals, or the site(s) where the after school care program is located is in an area served by a school in which at least 50 percent of its enrolled children are eligible for free or reduced price meals. All reimbursable student snacks served at area eligible schools/sites are to be counted and claimed as free.

A non-area eligible school is a school(s) in which the after school care program is conducted that has less than 50 percent of its enrolled children eligible for free or reduced price meals, or the site(s) where the after school care program is located is in an area served by a school in

which less than 50 percent of its enrolled children are eligible for free or reduced price meals. All reimbursable student snacks must be counted, recorded and claimed by type (free, reduced price and full price). The State agency will make approval by location based on this criteria.

The School Food Services Section, DESE, printout will reflect the current rates of reimbursement for the respective categories of the after school snacks reported. The number of after school snacks reported served in Column 1 will then be multiplied by the respective rates of reimbursement reflected in Column 2 and entered in Column 3 as reimbursement earned. Item 4, Column 3, will reflect the total after school snack reimbursement being paid. The School Food Services Section, DESE, will calculate and complete Items 7, 8, and 9 of Part 07 in accordance with the instructions on the back of the claim form.

The system of counting after school snacks served must protect the anonymity of free and reduced price after school snack recipients, where applicable, and must yield accurate counts at the point of service. All monthly claim figures must be supported by daily attendance records.

Summer School

LEAs may continue to participate in the NSLP and/or SBP during their summer school sessions. Our office automatically extends the LEAs application/agreement for the school year just completed to run through the summer school session.

LEAs may offer only lunch, only breakfast, or both programs. Even if a LEA does not offer breakfast during the regular school year, they may offer breakfast during summer school only.

The following procedures are to be adhered to when operating NSLP/SBP during summer school:

- Serve meals that meet the NSLP and SBP meal pattern requirements.
- Use approved applications on file for the school year just completed to extend free or reduced price meals to eligible recipients. If some of the summer school students are enrolled in another LEA during the regular school year, if applicable, obtain from the sending LEA a copy of the student's free or reduced price meal application.
- Establish point of service meal count procedures.
- Submit June reimbursement claim by July 10. If no regular school year program operations were conducted in June, the average daily participation should reflect just the attendance of those students enrolled in summer school. If summer school extends into July, the LEA must submit a separate July claim for reimbursement.

Summer Food Service Program

The Summer Food Service Program (SFSP) is a USDA program that is administered in Missouri by the Department of Health, Child and Adult Care Program. If a school is eligible and elects to participate in the SFSP, all meal counts, receipts, and expenditures are to be kept separate from the NSLP/SBP operations. (See Page 21 for details concerning where to record receipts and expenditures.)

Government donated foods received for the NSLP are not to be used in the SFSP.

Supplemental Feeding Programs

All elderly feeding programs and Head Start and/or child care programs that are not under the complete control and jurisdiction of the LEA are considered supplemental feeding programs and are not eligible for reimbursement.

LEAs may cooperate with outside nonprofit organizations that sponsor elderly or child care programs by agreeing to provide the meal service. This could be beneficial to the LEA if the additional service can be provided without having to increase labor costs. The added service should not be undertaken if it means that the school feeding programs would have to be curtailed. If the LEA provides supplemental meal services and the meals are prepared in conjunction with the school meals, it is permissible to use government donated commodities in the process as long as their value is recovered. Therefore, it is important that the sponsoring agency be charged the full cost per meal, including the value of the government donated commodities, and that the receipts be deposited to the school food service account to replace the inventory of purchased and donated food used.

Supplemental meals are not eligible for reimbursement. If the supplemental meals are essentially equivalent to school meals, lunches for Head Start/child care children should be reported on the monthly claim form in Part 02, Item 5, and supplemental adult lunches should be reported in Item 6. Supplemental breakfasts should be reported in Part 04, Item 5 or Item 6, as appropriate. See Claim Forms for a copy of the Lunch, Milk and Breakfast Claim for Reimbursement. Also, if the supplemental meals are essentially equivalent to school meals and reported in Part 02 and/or Part 04 on the claim form, the receipts for public school districts should be reported on the Annual Secretary of the Board Report (ASBR) as Food Service Program (5150). The receipts for private schools should be reported on the Annual Report of Income and Expenditures in Part 02, Item 2a, Program Receipts. See Annual I & E for a copy of the annual report form.

If the supplemental meals are substantially different in menu items and/or cost from the school meals, the number of meals should not be reported on the monthly claim form, and the receipts for public school districts should be reported on the ASBR as Food Service Nonprogram (5165). Private schools should report the receipts on the Annual

Report of Income and Expenditures in Part 02, Item 2c, Nonprogram Receipts.

FINANCIAL REPORTING

This chapter contains detailed instructions for reporting school food service income and expenditures annually. Private LEAs will report these data on an Annual Report of Income and Expenditures form provided by DESE. Public LEAs will report these data on the ASBR. All public and private LEAs will be provided a computer printout reflecting the data reported and the analysis information compiled by DESE. It is required that all LEAs participating in the school breakfast and/or school lunch program file annual reports of income and expenditures with DESE.

The reports submitted by LEAs to DESE are the basis for statewide reports to be submitted to the USDA.

School food service accounting and reporting procedures are based on federal standards and regulations for operating the respective federally funded programs. All data included on reports must be supported by records, worksheets, and source documents, in order to provide a basis for subsequent audits.

Internal Records

Records must be maintained at the local level on a daily basis for annual reporting to DESE. Daily records must be retained to substantiate the reports and for audit purposes. A suggested form is the Record of Income and Expenditures. This form is designed for an orderly means of collecting the data needed. All program records must be retained for three years after the year to which they pertain.

Income and Expenditures (Part 02)

Annual reports of income and expenditures are to be filed with DESE after all transactions for the school year ending June 30 have been completed. The information provided in this section supplements the instructions printed on the back of the form to be submitted by private LEAs. A copy of the annual report form is included as Attachment 20. Public LEAs, except those contracting with food management companies, need not submit the report. For public LEAs, the data for the report will be drawn from their ASBR.

The income and expenditures data are to reflect the total income and expenditures for the operation of all school food service programs. All program receipts (received for reimbursable and nonreimbursable lunches and breakfasts) are reported separately from nonprogram operations (a la carte, extra milk sales, after school snack, summer snack program, banquets, and other nonprogram services). Income data should be reported in Part 02, Item 2, in accordance with the

instructions printed on the back of the reporting form.

Accurate reporting of expenses is essential for determining meal costs, which is helpful in program management, and for determining if full reimbursement has been earned by severe need breakfast schools. Expense data should be reported in Part 02, Item 4, in accordance with the instructions printed on the back of the reporting form.

Several items in Part 02 are calculated by DESE and indicated on the printout that is sent to the LEA. DESE will calculate what percentage of total receipts are from program (lunch and breakfast) operations by adding program receipts reported in Items 2a and 2b, and dividing by total receipts, Item 2d, and enter the percentage in Item 2e. The percentage of program receipts (Item 2e) is considered to be representative of the percentage of expenses for program operations; therefore, the percentage program expenses, Item 4h, will be the same as the percent program receipts, Item 2e.

This does not give an exact breakdown of program and nonprogram costs for calculating an exact per meal cost, but considering that even the best method of allocating costs is not exact, it is felt that this is the most cost-benefit effective system and will provide relatively accurate calculations. The funds due the LEA from the current claim for reimbursement and any prior claims not paid are entered in Item 3.

Adjustment to balance (Item 5) is for use by DESE to adjust the closing balance (Item 6), if necessary, as per audit, and for use by the LEA to report a loan, repayment of a loan, or an approved transfer of funds to offset indirect costs as described in Section 5, Indirect Costs. The closing balance (Item 6) is arrived at by adding the total receipts (Item 2d) to the opening balance (Item 1), subtracting the total expenses (Item 4g), and adding the adjustment to balance (Item 5). The closing balance (Item 6) of one school year becomes the opening balance (Item 1) for the next year. The LEA three-month average cost of operating all school food service programs is based on a nine-month school year and is calculated by dividing the total expenses (Item 4g) by 3 and is shown in Item 8. The school food service account balance (Item 6) must not exceed the average three-month operating cost for the LEA to retain nonprofit status. If the closing balance (Item 6) exceeds the average three-month operating cost (Item 8), the excess is shown in Item 9, and the LEA must take steps to reduce the operating balance by reducing the charge to children, improving the quality of meals, increasing quantities served, purchasing needed equipment and supplies, etc., or forego receiving reimbursement until such time as the closing balance is below a three-month average operating cost and a nonprofit program operation is demonstrated.

The indirect cost rate (Item 10) will be entered by DESE and reflects the approved indirect cost rate as described in Section 5, Indirect Costs.

Indirect costs (Item 11) will be figured by DESE by multiplying the direct cost base by the approved indirect cost rate (Item 10), as described in Section 5, Indirect Costs. The direct cost base consists of salaries reported in Part 02, Item 4b; employee benefits, Item 4c, purchased services, Item 4d; and supplies, Item 4f.

**Participation Data
(Part 03)**

Part 03, Participation Data, of the Annual Report of Income and Expenditures, will be completed by DESE and reflected on a computer printout of the report which will be provided to both public and private LEAs.

- Items 1, 2, and 3 will reflect the figures as reported by the LEA for the corresponding items on the monthly claims.
- Item 4 will be calculated by dividing the sum of Items 2 and 3 by Item 1.
- Items 5 and 6 will reflect the figures as reported by the LEA on the corresponding items on the monthly claims.
- Item 7 will be calculated by dividing Item 1, Total Reimbursable Lunches, by the total number of days lunch was served during the year as reported on the monthly claims.
- Item 8 will be calculated by dividing Item 7, Lunch Average Daily Participation, by Item 6, Average Daily Attendance.

**LEA Program
Analysis (Part 04)**

Part 04, LEA Program Analysis, of the Annual Report of Income and Expenditures will be completed by DESE, and reflected on a computer printout of the report which will be provided to both public and private LEAs.

- Items 1, 2, 3, 4, and 5 will reflect the calculated program costs obtained by multiplying the percentage program expenses, Part 02, Item 4h, times the respective expenses in Part 02, Items 4a, b, c, d, and f.
- Item 6, Indirect Costs, will reflect the result of multiplying Part 02, Item 10, Indirect Cost Rate, times the sum of Part 04, Items 2, 3, 4, and 5.
- Item 7 will reflect the sum of all program costs for the year to date (sum of Items 1 through 6).
- Items 8 and 9 will reflect the total number of lunches and breakfasts, respectively, as reported served on the monthly claims.
- Items 10 and 11 will reflect the calculated per lunch and per breakfast cost, respectively, as noted. The calculations equate three lunches to four breakfasts.
- Item 12 will reflect the total amount of free and reduced price breakfast reimbursement paid for the year.
- Item 13 will reflect the maximum free and reduced price

breakfast reimbursement that could be extended. The calculation is made by multiplying the total number of free breakfasts and the total number of reduced price breakfasts reported served on the monthly claim reports by the respective maximum reimbursement rates authorized.

- Item 14, Free and Reduced Breakfast Reimbursement Earned, is calculated as noted. Item 14a reflects the amount arrived at by multiplying the total number of free and reduced price breakfasts reported served on the monthly claims by the per breakfast cost (Item 11). Item 14b reflects the income arrived at by multiplying the total number of reduced price breakfasts reported served on the monthly claim reports by the reduced price breakfast charge. Item 14c, Total Free and Reduced Breakfast Reimbursement Earned, reflects the result of subtracting 14b from 14a.
- Item 15, Breakfast Overpayment, is calculated by subtracting Item 14c from Item 13. A breakfast overpayment only exists when Item 13 exceeds Item 14c and severe need breakfast rates of reimbursement have been assigned.

State Program Data (Part 05)

The items in Part 05, State Program Data, reflect the statewide averages for the respective items. Statewide data is provided so the LEA can compare its program data with statewide averages.

Item 1 corresponds with Part 03, Item 8. Item 2 corresponds with Part 03, Item 4. Item 3 corresponds with Part 04, Item 10. Item 4 corresponds with Part 04, Item 11.

Title 1

Public school districts should report Title 1 revenue on the ASBR as Title 1, ESEA (5451) and expenditures as Food Service - Title 1 (2569).

Summer Food Service Program (SFSP)

For public school districts/private schools electing to participate in the (SFSP), the receipts and expenditures for the SFSP should not be channeled through the food service account. Public school districts should report federal receipts on the ASBR as Other Restricted Federal Revenue (5481), local receipts as Community Services (5180) and expenditures as Community Services (3900).

Private schools should not report SFSP receipts or expenditures on the Annual Report of Income and Expenditures.

INDIRECT COSTS

In addition to those direct costs incurred by LEAs in the operation of the meal service, indirect costs are also incurred. Indirect costs are defined as those costs not readily identifiable. These costs represent supporting services and incidental supplies which are furnished to the benefit of school food services as well as other school functions by the general support services program of the school system.

Indirect costs incurred generally include costs for custodians and maintenance personnel, fuel for heat, water and sewerage, electricity, gas, telephone, custodial supplies, pest control, waste removal, other supplies and expenses for operation and maintenance of the plant (except replacement of equipment), business support services, personnel administration, data processing, insurance, general administrative supplies, and audits. Some of these costs may be direct costs in some LEAs if there is separate billing to the food service program; i.e., separate electric meter for the kitchen with a separate electric bill paid from the food service account, separate billing to the food service account for garbage removal and/or pest control, separate billing to the food service account for the food service audit, etc. Costs directly associated with the food service operation with clear-cut documentation for audit purposes are direct costs.

In order to properly evaluate food service operations, indirect costs must be considered in addition to the direct costs, before the actual cost of the food service operation can be reported and meal costs calculated.

Indirect costs are determined through the use of an indirect cost rate. The indirect cost rate is the ratio of indirect costs to direct costs.

Public School Indirect Cost Rate

The responsibility for assignment of indirect cost rates to public LEAs is shared by the U.S. Department of Education, the USDA, DESE, and the LEA. DESE has established an approved Indirect Cost Allocation Plan, and the School Finance Section, DESE, will calculate the LEA's nonrestricted rate using the data submitted by the LEA on the district's ASBR for the second prior year.

Private School Indirect Cost Rate

DESE will establish a statewide indirect cost rate to be used by all private LEAs. The authorized rate is determined by averaging the calculated nonrestricted indirect cost rates assigned public LEAs and is adjusted annually.

Indirect Cost Formula

Indirect costs applicable to a food service operation can easily be determined by multiplying the approved indirect cost rate by the direct cost base. The direct cost base to which the approved rate is applied is the total direct costs less food and equipment costs, i.e.,

Indirect Cost Rate: (Nonrestricted rate assigned public LEAs, or average rate approved for use by private LEAs.)

x

Direct Cost Base: (The year-to-date sum of direct salaries, employee benefits, purchased services, and supplies.)

=

Indirect Cost: (Amount attributable as indirect costs to school food services.)

Indirect Cost Percentage Proration

Indirect costs applicable to the food service operation can be determined by multiplying the approved indirect cost rate by the amount of a LEA indirect cost bill, i.e.,

Indirect Cost Rate: (Nonrestricted rate assigned public LEAs or average rate approved for use by private LEAs.)

x

Indirect Cost Bill: (The amount of the LEA indirect cost bill, i.e., electric, heating, water, sewer, trash removal, etc.)

=

Indirect Cost: (Amount attributable as indirect costs to the school food service operation.)

Recovery of Indirect Costs

LEAs may recover indirect costs provided on behalf of the food service operation by one of the following two acceptable procedures.

1. Recovery by indirect cost formula using DESE calculated nonrestricted indirect cost rate (see Indirect Cost Formula above). As a maximum, consistent with sound accounting practices, an amount equal to the LEAs approved indirect cost rate times the direct cost base or the balance in the food service account, whichever is the lesser, may be recovered. Public LEAs that have a program balance and wish to recover indirect costs by formula should make the request in writing to School Food Services, DESE, at the end of the school year. We can then adjust your balance on our records to reflect the transfer. Recovery of indirect costs by formula cannot be reflected on the ASBR. Private LEAs may recover indirect costs by making an appropriate entry in Part 02, Item 5, on the Annual Report of Income and Expenditures. LEAs that transfer funds to offset indirect costs may not direct cost or prorate any of the indirect cost categories since that would result in a duplication of costs.
2. Recovery by direct billing and/or approved percentage proration. LEAs may direct charge indirect cost categories of expenditures applicable only to the food service operation if there is a separate bill. LEAs may also prorate any indirect cost category of

expenditure that has not been direct billed. The allowable prorated indirect cost amount attributable to the food service operation is the amount equal to the LEA's approved indirect cost rate times the amount of the LEA bill for an indirect cost category of expenditure. The applicable prorated amounts may be charged to the food service account as appropriate during the school year and recorded as a purchased services expenditure for reporting purposes on the annual report at the end of the school year. Indirect costs should not be prorated and charged to the food service account if the program is operating at a deficit.

SUPPLEMENTAL COSTS

In addition to the direct expenses paid from the food service account reported in Part 02, Item 4 on the Annual Report of Income and Expenditures, LEAs may provide our office with supplemental cost data that can be considered in justifying severe need breakfast reimbursement. This would only be advantageous for severe need breakfast schools that have insufficient direct costs reported in Item 4 to reflect a calculated per breakfast cost equal to or exceeding the severe need rate of reimbursement for free breakfasts.

Administrative/ Supervisory Costs

General administrative and supervisory costs provided by the LEA (excluding any personnel employed with federal funds) that are in direct support of program operations are supplemental costs that can be used to justify severe need breakfast reimbursement if a daily log is maintained of the time and cost of services actually performed, or if the job description specifically documents the assigned time and duties. This may include program reporting and accounting services provided by the building principal's secretary, program supervision, and general administrative details performed by teachers, etc. These costs, with proper documentation for audit purposes, will then enter into the calculation of the full cost per meal. The Administrative and Supervisory Time and Cost Record may be used by individuals to log their actual administrative and supervisory time. The Administrative and Supervisory Time and Cost Record Summary may be used to cumulate the time recorded by the respective individual and calculate the cost.

Equipment Depreciation

Depreciation is a procedure for spreading the cost of equipment over an average useful life rather than reflecting the total acquisition cost in the month or year purchased.

Equipment depreciation is allowable on food preparation, serving, and other equipment as a cost to school food service operations. Equipment is defined as items costing \$1,000 or more per unit and items costing less than \$1,000 per unit that are controllable, have a useful life of two

years or more, and would normally be repaired rather than replaced.

The chart, Examples of Depreciable Food Service Equipment, presents examples of depreciable equipment. Depreciation on equipment is allowable only when the equipment is in service. Thus, when placed in storage, sold, or disposed of, the equipment records must be adjusted accordingly and depreciation no longer reflected.

Depreciation is not allowable for:

- Equipment purchased with federal funds.
- Buildings.
- Depreciable equipment which has been fully depreciated or remaining in use beyond its original life expectancy.
- Depreciable equipment in storage for future use, sold, traded, or otherwise disposed of.

In order to compute depreciation, the total purchase and installation cost to the LEA (acquisition cost) of each piece of food service equipment used by the LEA for less than 12 years is needed.

To compute annual depreciation, divide the acquisition cost by the depreciable life of the equipment. To compute monthly depreciation, divide the annual depreciation by 12.

In actual practice, the most efficient means to determine depreciation costs is by maintaining a depreciable equipment control system. Equipment Schedule – Instructions is a recommended form which will assist in providing for proper control over accountable equipment used in food service operations.

The equipment schedule, if used and maintained, will provide the documentation necessary to support depreciation charges to support severe need breakfast reimbursement.

In actual operation, once the schedule has been established, the depreciation calculations will only need to be submitted once each year. Only when new equipment is purchased and added to the program, or when old equipment is disposed of, will a change to the schedule be necessary. Additions can be made by adding a line to the page and changing the totals. Deduction can be made by crossing out the item and reducing the page totals accordingly.

All items that do not meet the definition of equipment are considered nondepreciable. Such items are a one-time expense when delivered and available for use. Some items which are generally considered expendable are dishware, pots, pans, flatware, cutlery, serving utensils, and dishracks. The cost of all nondepreciable items should be reported as supplies.

INVENTORY

An inventory is a statement of the quantity of foods and supplies on hand at any given time. Federal program regulations require the State agency to monitor LEA inventories of government donated foods. We recommend the practice of maintaining inventory records of both purchased foods and USDA donated foods as a valuable management tool. In the Child Nutrition Programs, inventories of food and supplies can be used to reflect the net value of food and supplies used during a given period. In addition to matching food values to the period actually used, recorded inventories.

- Identify available items on hand.
- Provide information for reordering.
- Provide assistance in menu planning.
- Assist in maintaining accountability over food and supplies.

The Inventory Record

In using inventory records of food and supplies, there are three important considerations that must be established:

- What is physically in the inventory?
- What is the worth of each item?
- What is the total inventory value?

A count of items and quantities in stock can be obtained by use of a periodic inventory which requires taking a physical count periodically, or by use of a perpetual inventory which requires a detailed record of each item. When using the perpetual inventory method, additions to and deductions from inventory are recorded so that the current level of inventory by item is always available. The accuracy of the perpetual inventory should be checked and reconciled from time to time to an actual physical count. At any given time, the perpetual record can be summarized to provide the total inventory record.

A physical inventory is the process of counting all items in storerooms, freezers, etc., listing the items, unit size and other descriptive data; listing the unit cost; and calculating the total inventory value. A separate inventory listing should be prepared for purchased foods and USDA donated foods. It is recommended that a complete and accurate inventory of all food and supplies be taken at least semiannually (June 30 and December 31) for purposes of program management/analysis,

and audits. A sample inventory form is the Food and Supply Inventory Form.

Suggestions for Taking Inventory

Inventories should not be difficult or time-consuming. Listed below are some helpful suggestions to assist in taking a physical inventory.

- Organize storeroom to keep USDA donated foods separate from purchased food and supplies.
- Do not maintain an inventory of opened condiments, spices, straws, etc., since these items are normally of small value and can be considered as used when opened.
- Arrange and/or date units to facilitate use on first-in, first-out basis.
- Inventory should be taken at regular intervals.
- The ending inventory of one period becomes the beginning inventory for the next period.
- A preprinted inventory sheet with the inventory items listed in the order that they are stored is very helpful.
- To determine the value of USDA donated foods and local product replacement prices, use the values used by DESE, School Food Services Section.
- Purchase prices or the most recent invoice prices should be used to value purchased items.
- Consistency in inventory taking methods is important.

Calculating Inventory Value

When all items of purchased food and supplies have been listed, described, and the quantity on hand determined for each item, the value of the inventory should be computed. First, determine the unit cost of each item listed on the inventory. The unit cost should then be multiplied by the quantity on hand to get the total inventory value for each item. Careful addition of the total inventory values of all items will then yield the value of the whole inventory.

The closing inventory value for a given period should be compared with the opening inventory value for that period. A decrease in inventory value of purchased food and supplies means that the amount of decrease represents a program cost above the cost of food and supplies expenses for the inventory period, while an increase in inventory value represents a reduction of expensed program cost. In other words, you can identify the cost of food and supplies actually used, which is your net cost.

FOOD SERVICE MANAGEMENT CONTRACTS

LEAs that feel it is advantageous to contract for food services rather than operating their own program may contract with a food service management company to provide food service in one or more schools. The following outlines only the minimum responsibilities. LEAs must contact School Food Services, DESE, before initiating procedures/contracting process for food management services.

LEA Responsibilities

Any LEA that contracts with a food management company shall:

1. Adhere to the procurement standards specified in the NSLP regulations and outlined here:
 - a) The LEA shall establish procurement procedures which provide that proposed procurement actions shall be reviewed by LEA officials.
 - b) Affirmative steps must be taken to assure that small and minority businesses are utilized when possible.
 - c) All procurement transactions shall be conducted in a manner that provides maximum open and free competition.
 - d) Solicitations of offers shall incorporate a clear and accurate description of the requirements so as not to unduly restrict competition, and also set forth all requirements and other factors to be used in evaluating bids.
 - e) Awards shall be made only to responsible contractors.
 - f) Procurement shall be made by competitive sealed bids or competitive negotiation.
 - 1) Bids shall be solicited from an adequate number of known management companies.
 - 2) The invitation shall be publicly advertised in a newspaper with state or regional distribution and mailed to prospective bidders.
 - 3) The invitation for bids shall clearly define the services needed.
 - 4) All bids shall be opened publicly at the time and place stated on the invitation for bids.
 - 5) A firm-fixed-price or cost reimbursable type contract award shall be made by written notice to the responsible bidder whose bid is lowest and best.
 - g) The cost plus a percentage of cost or income methods of contracting shall not be used.
 - h) LEAs shall maintain records sufficient to detail the significant history of a procurement.
2. In addition to adhering to the procurement standards, LEAs shall ensure that:
 - a) The invitation to bid or request for proposal contains a 21-day cycle menu to be used as a standard for the purpose of basing bids or estimating average cost per meal. The food service management

company must adhere to the cycle for the first 21 days of meal service. After that, changes may be made with the approval of the LEA.

- b) The invitation to bid or request for proposal indicates that nonperformance subjects the food service management company to specified sanctions in instances where the food service management company violates or breaches contract terms.
3. Ensure that the food service operation is in conformance with the LEA's agreement with DESE.
4. Monitor the food service operation through periodic on-site visits.
5. Retain control of the quality, offerings, and prices to be charged in the food service program.
6. Retain signature authority on the LEA/DESE application-agreement, free and reduced price policy statement, and claims.
7. Ensure that all USDA donated foods received by the LEA and made available to the food service management company accrue only to the benefit of the LEA's food service program.
8. Maintain applicable health certification and assure that all state and local regulations are being met.
9. Establish an advisory board composed of parents, teachers, and students to assist in menu planning.
10. Enter into a contractual agreement that meets federal and state regulations.

Contracts

Contracts that permit all receipts and expenses to accrue to the food service management company and "cost plus a percentage of cost" and "cost plus a percentage of income" are prohibited. Contracts that provide management fees on a per meal basis are allowed.

Contractual agreement with food service management companies are to include the following:

1. The food service management company shall maintain such records as the LEA will need to support its claim for reimbursement, and shall report claim information to the LEA at the end of each month.
2. The food service management company shall have state or local health certification for any facility outside the school in which it proposes to prepare meals and the food service management company shall maintain this health certification for the duration of the contract.
3. No payment is to be made for meals that are spoiled or unwholesome at time of delivery, do not meet detailed specifications as developed by the LEA for each food component, or do not otherwise meet the requirements of the contract. Specifications shall cover items such as grade, purchase units, style, condition, weight, ingredients, formulations, and delivery time.
4. The contract shall be of a duration of no longer than one (1) year, and options for no more than four (4) one-year renewals.
5. All contracts shall include a termination clause whereby either

- party may cancel for cause with 60-day notification.
6. All contracts shall contain a provision requiring compliance with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60).
 7. Where contract grant amounts exceed \$100,000.00, both LEA and contractor agree to comply with:
 - a. Section 306 of the Clear Air Act of 1970 as amended (42 USC 1857 [h]),
 - b. Section 508 of the Clean Water Act (33 USC 1368),
 - c. Executive Order 11738, and Environmental Protection Agency regulations (40 CFR, Part 15), EPA list of violating facilities/contractors, and
 - d. Recognize energy efficiency standards contained in State Energy Conservation Plan in compliance with the Energy Policy and Conservation Act (P.L. 94-163).
 8. All contracts shall grant access to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract to the LEA, DESE, USDA, Comptroller General of the U.S., or any of their duly authorized representatives.
 9. Contractors shall be required to retain all records for a period of three years after the end of the contract year. If audit findings have not been resolved, the records shall be retained beyond the three year period as long as required for the resolution of the issues raised by the audit.
 10. Contracts shall contain provisions or conditions which will allow for administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and shall provide for such sanctions and penalties as may be appropriate.
 11. All contracts shall contain suitable provisions for termination by the grantee. Also, contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
 12. All contracts shall contain a provision whereby the LEA and contractors agree to comply with Section 250.6(b). The company and school food authority agree to comply with Federal Regulations 7 SFR part 250, Section 250.6(b), subsection (3), which states that recipient agencies have and preserve a right to assert claims against the company to whom USDA donated foods are delivered for care, handling, and distribution. Subsection (4) states that recipients agencies will take action to obtain restitution in connection with claims arising in their favor for improper distribution, use or loss of, or damage to USDA donated foods.
 13. All contracts shall include a provision that the company certifies that neither he/it nor its principals, is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

Food Management Contract Procedures

14. All contracts that are cost-reimbursable (LEAs agree to reimburse the food management company for allowable costs, such as food, equipment, etc.) shall state that the company will conform with federal procurement standards and use and document competitive procurement procedures for obtaining all goods and services used under the terms of the contract.

LEAs shall maintain a contract administration system ensuring that contractors perform in accordance with the terms, conditions, and specifications of their contracts. The information regarding contracting with food service management companies provided in this chapter only represents minimum responsibilities. Individual LEAs may have many more items covered in the contract document. LEAs are advised to have their legal counsel closely involved in the contract development and award process.

LEAs needing to rebid for food management contract services, or LEAs desiring to bid for the first time, need to acquaint themselves with the steps as outlined below:

1. Contact School Food Services, DESE, for instructions and copies of the latest guidance concerning “bid” and “contract” procedures.
2. Prepare Invitation to Bid (ITB) or Request for Proposal (RFP) according to requirement as indicated in NSLP regulations page 210; section 210.21; Procurement; and OMB Circular A-102, Attachment O. Care must be taken to ensure that the ITB or RFP:
 - a. Contains the required 21-day menu cycle, AS PREPARED BY THE SCHOOL DISTRICT, to be used as a standard for basing bids or estimating average costs per meal;
 - b. Makes it clear that the food management company must adhere to the menu cycle for the first 21 days of meal service; and
 - c. Indicates that nonperformance subjects the food management company to specified sanctions in instances where the food management company violates or breaches contract terms.
3. Use the enclosed ITB/RFP/Contract checklist, enclosed with guidance packet, to review ITB or RFP.
4. Submit ITB or RFP to School Food Services, DESE.
5. Upon completion of review, formally advertise bid for contracted food management services and mail a copy of the complete ITB or RFP to prospective bidders; i.e., those companies that are believed to be qualified and that might reasonably be expected to respond to the solicitation.
6. To ensure that the LEA does not enter into a contract with a debarred or suspended company or individual, the LEA must require that each responsive bidder include a certification statement when submitting a bid.
7. Select most advantageous bid, fully documenting selection process.

8. Prepare, in conjunction with selected food management company, actual food management contract.
9. Use the ITB/RFP/Contract checklist to review contract.
10. Forward proposed food management contract to School Food Services, DESE, for review. DESE will then examine the contract to determine that it contains, at a minimum, the necessary legal references as outlined by 7 CFR 210, NSLP regulations, and Attachment O of OMB Circular A-102.
11. Upon completion of contract review: officially enter into contract, sign contract, and forward signed copy of contract to School Food Services, DESE.

NOTE: For district protection, management company operations should not commence until after date of contract signing.

PROGRAM REVIEWS

As a partner with LEA officials in the operation of the school food service programs, the School Food Services Section, DESE, conducts on-site reviews of program operations. The purpose is to provide assistance to school personnel and also to comply with federal monitoring requirements.

Each on-site review will begin with an entrance conference with the authorized representative or designee, and conclude with an exit conference. A follow-up review letter/report will be sent to the authorized representative highlighting program features that need correction and also noting program strengths.

Coordinated Review Effort (CRE) Review By School Food Services, DESE

The CRE is a plan to achieve better program management in the NSLP. The objectives of the CRE system of management reviews are:

1. To assess current lunch program management and accountability.
2. To encourage improvement in program management.
3. To monitor for the effective use of federal funds.
4. To protect the nutritional integrity of meals served under the program.

The on-site CRE review is mandated by federal program regulations and requires State agencies to check two performance standards.

Performance Standard 1: All free, reduced price, and full price lunches claimed for reimbursement are served only to children eligible for free, reduced price, and full price lunches, respectively; and are counted, recorded, consolidated and reported through a system which consistently yields correct claims.

Performance Standard 2: Lunches claimed for reimbursement within

the LEA contain food items/components as required by program regulations.

Should a school exceed the review threshold for one or both performance standards, they are scheduled for a possible second CRE review before December 31 of the next school year. Also, each school failing to pass Performance Standard 1 or 2 may be assessed a fiscal overclaim and agree to a formal corrective action plan and correct deficiencies by a given deadline. If, during a second CRE review, any violations are noted in Performance Standard 1 or 2, a fiscal overclaim must be assessed to include any overclaim calculated as a result of the first review but not collected. Also, program payments must be withheld until a follow-up review, requested by the LEA, indicates the problem(s) has been corrected.

All LEAs participating in the NSLP must have a CRE review during each five-year cycle.

The records and documents that the LEA should have readily available are:

1. An up-to-date file by school of all approved and denied free and reduced price meal applications, to include the listing of children approved through the direct certification process.
2. The approved methods of collection for the respective schools.
3. Daily records/source documents to support the previous month's claim.
4. Documentation that each school's meal counts by category are edited each month by the LEA.
5. Documentation that each school's meal counting and claiming procedures were monitored on site by the LEA prior to February 1.
6. Menus and production records for the respective schools.

The review also covers program areas not included in the CRE review. The reviewer concentrates on and assists in other areas that would be most beneficial to the LEA.

The reviewer will be prepared to cover and discuss the following additional topics during the course of the review:

- Use of USDA Program Aids.
- Menu Planning.
- Alternative Menus and Choices.
- Offer versus Serve.
- Use of USDA Donated Foods.
- Food Purchasing Practices.
- Food Production Techniques.
- Portion Sizes Served.
- Competitive Food Rule.
- Implementation of the Dietary Guidelines for Americans.

- Food Storage Practices.
- Sanitation and Health Inspection Report.
- Food Service Equipment and Layout.
- Merchandising Efforts.
- Student and Parent Involvement.

Reviews by LEA

LEAs must conduct on-site reviews of each school under their jurisdiction at least once every school year. The on-site review must take place prior to February 1 of each school year. If this review discloses variations from the approved collection method or problems with a school's meal counting or claiming procedures, the LEA shall ensure that the school develops a corrective action plan and shall conduct a follow-up on-site review within 45 days to determine that the problems have been corrected. A suggested form is the On-Site School Review Form.

LEAs are also required to review each school's daily meal counts, using various analytical tools designed to identify and correct situations in which schools claim more meals than they serve. At a minimum, the following data must be used:

- (1) The number of children currently eligible for free, reduced price, and full price meals in the school.
- (2) A factor which accurately accounts for the difference between enrollment and attendance at any given time.

The Daily Participation Record – Instructions provides all the factors needed to make the edit checks and may be used as an edit check worksheet as well as a record of daily participation.

CIVIL RIGHTS

In order to participate in the federally assisted school food service programs, LEAs must take measures to assure that no person shall, on the grounds of race, color, national origin, sex, age, or disability, be excluded from participation in, be denied benefits of the food service programs, or otherwise be subject to discrimination. Program regulations require that the nondiscrimination statement be posted in the food service area.

Data Collection

Civil Rights compliance regulations require LEAs to maintain racial/ethnic data on all applicants for free and reduced price benefits by the following classes:

- White, not of Hispanic origin
- Black, not of Hispanic origin
- Hispanic
- Asian or Pacific Islander
- American Indian or Alaskan Native

The methods for collecting racial/ethnic data may be by:

- Determination of the information by a school official through observation.
- Personal knowledge.
- Voluntary self-identification by an applicant on the free and reduced price meal application.

The information must be compiled and retained on file for three years and made available only to authorized state and federal personnel.

Disabled Students

Section 504 of the Rehabilitation Act of 1973 assures disabled students access to school meal service, even if special meals are needed because of their disability. A disabled student is defined as any student who has a physical or mental impairment which substantially limits one or more major life activities, has a record of such an impairment, or is regarded as having such an impairment.

If special meals are needed and requested, the school shall provide the special meals, without additional cost to the student, in accordance with certification from a medical authority. The certification must:

- Verify that special meals are needed because of the disability
- Prescribe the alternate foods and forms needed

A suggested form for use by the student and the certifying medical authority is Medical Statement for Student Requiring Special Meals.

Complaints of Discrimination

Civil Rights instructions require that all complaints of discrimination, written or verbal, be accepted and forwarded to the Civil Rights Division. It is necessary that the information be sufficient to determine the identity of the recipient or individual toward whom the complaint is directed, and to indicate the possibility of a violation.

In the event a complainant makes the allegations verbally or through a telephone conversation and refuses or is not inclined to place such allegations in writing, the person to whom the allegations are made should write up the elements of the complaint for the complainant. A suggested form for use to document verbal complaints is the Civil Rights Complaint Form. All complaints of discrimination should be forwarded to:

USDA Director
Office of Civil Rights
1400 Independence Avenue, S.W.
Washington, D.C. 20250-9410
(800) 795-3272 (voice)
(202) 720-6382 (TTY)